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TO RUEHC/SECSTATE WASHDC IMMEDIATE 4541  
INFO RUEHAH/AMEMBASSY ASHGABAT 0816  
RUEHTA/AMEMBASSY ASTANA 0925  
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RUEHIL/AMEMBASSY ISLAMABAD 2767  
RUEHBUL/AMEMBASSY KABUL 4237  
RUEHKT/AMEMBASSY KATHMANDU 0120  
RUEHLO/AMEMBASSY LONDON 3264  
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RUEHCG/AMCONSUL CHENNAI 9763  
RUEHKP/AMCONSUL KARACHI 7323  
RUEHCI/AMCONSUL KOLKATA 9395  
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S E C R E T SECTION 01 OF 03 NEW DELHI 001622

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E.O. 12958: DECL: 04/04/2017

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SUBJECT: PM KOIRALA UPDATES ASSISTANT SECRETARY BOUCHER ON  
NEPAL

Classified By: PolCouns Ted Osius for Reasons 1.4 (B,D)

¶1. (S) SUMMARY: Assistant Secretary Boucher met Prime Minister Koirala of Nepal April 3 on the sidelines of the South Asian Association for Regional Cooperation summit, and assured him that the U.S. supported the Government of Nepal, despite misgivings regarding Maoist entry into the Interim Government. Also in attendance on the Nepalese side were Finance Minister Ram Saran Mahat, Foreign Policy Advisor Suresh Chalise, Foreign Secretary G.C. Acharya, and Sujata Koirala, Prime Minister Koirala's daughter and member of the Interim Parliament. Koirala asked us to consider how quickly we could supply modern weapons to Nepal's army, if necessary, to backfill a transfer of Army rifles to Nepal's police. The Election Commission would decide whether or not Constituent Assembly elections, scheduled for June 22, would be delayed, taking the onus off of Koirala and his government. India could settle the violence in the Terai if it wanted to, opined Koirala, and he had pressed the Indians in his meetings here. Bhutan should be required to take back a substantial number of refugees said Koirala, echoed by Mahat, Chalise and Acharya, and Koirala would discuss the matter with the Bhutanese Prime Minister April 4. END SUMMARY.

Koirala Asks For Affirmation of U.S. Support

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¶2. (C) Prime Minister Koirala opened a meeting on the sidelines of the Fourteenth South Asian Association for

Regional Cooperation summit April 3 by asking Assistant Secretary Boucher if the U.S. had misgivings regarding the

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new Nepal Interim Government, which included Maoists. Boucher assured him that, while retaining concerns regarding Maoists, and noting that the process of their inclusion in the government needed to be carefully managed, the U.S. maintained strong support for Prime Minister Koirala and his government. Prime Minister Koirala responded that he was very pleased that Ambassador James Moriarty in Kathmandu has been speaking frankly and publicly about the problems the Maoists are still causing. Finance Minister Dr. Ram Saran Mahat and the Prime Minister's Advisor on Foreign Policy, Dr. Suresh Chalise, echoed that Moriarty was the only Ambassador that had been openly critical of the Maoists, for which they were grateful.

A Question of Law and Order

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13. (S) The Seven Parties Alliance and the Maoists had signed a common document, requiring the Maoists to renounce their activities, Koirala stated. From this point forward, the Government of Nepal would take strong action if the Maoists were seen carrying arms or involved in anti-government activity, emphasized Koirala, adding that they had been given seven days to completely shut down the use of arms. Asked if the Government of Nepal had enough police capacity to enforce law and order, Koirala replied that the Nepalese National Army was standing by with the government, adding that the army was Nepal's strength. Koirala asked Boucher if the U.S.

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would consider arming the Nepalese National Army with modern weapons, if they were needed, to backfill a transfer of self-loading rifles to the police, noting that the Chief of the Army had told him that they would be unarmed and helpless if a struggle broke out now. He had assured the Army, Koirala continued, that he could get arms within fifteen days from anywhere in the world if needed.

Election Commission to Decide on Election Delays

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14. (C) Koirala had insisted that the eight parties decide on the date of Constituent Assembly elections, which are scheduled to be held June 22, so that no one could later hold the decision against him, he said. The onus would now be on the Election Commission to decide whether it would actually be feasible to hold elections on that date, averred Koirala. The Commission is already saying elections on June 22 would be difficult.

India Could Settle Terai Violence If It Wanted

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15. (C) Turning to the Nepal's southern Terai region, Koirala complained that the ethnic Indian Madhesis and other minorities there were demanding more and more. "The Terai is in fear of India," opined Koirala, arguing that India could settle the matter of violence in the region if it wanted. India's rightist Bharataya Janata Party (BJP) and the Indian Hindu fundamentalists were exploiting the situation, Koirala conjectured, noting that India's bordering states and the coalition governments in place there were sensitive issues for India. Boucher noted that he would suggest that the Government of India use its influence in the Terai, and questioned whether Koirala was engaged in dialogue with the Madhesis. Koirala replied that the Government of Nepal had a different type of mechanism for such dialogue, and that it was up to the Parliamentary Speaker to initiate talks with the political groups of the Terai. He indicated that the Parliamentary Speaker had already begun an indirect dialogue with those groups.

The Home Minister - A Card to Be Played

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¶6. (C) Referring to the controversial Home Minister Krishna Prasad Sitaula, Koirala said that he had told the Minister he must act resolutely to maintain law and order. Acknowledging that Madhesis and other protesting groups had called for Sitaula's resignation, Koirala claimed that they had not given him a guarantee that they would cease violence and protesting if the Home Minister resigned. "I must be assured that there will be peace once the Home Minister resigns. That is my holding card," exclaimed Koirala.

Bhutan Must Take Back Some Refugees

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¶7. (C) Koirala confirmed that he would meet April 4 with the  
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Bhutanese Prime Minister to discuss the Bhutanese refugees residing in Nepal. Koirala's position, echoed by Chalise and Acharya, was that Bhutan should repatriate a substantially large number of refugees, that a solution must include all of the refugees residing in Nepal, and that there must be condemnation of Bhutanese policy toward these refugees. Boucher maintained that the Bhutanese should take some refugees back and take responsibility for their actions, as well as take steps internally to begin giving citizenship to all people born in Bhutan, but that the ultimate goal should be to resolve the problem and ensure that all refugees are repatriated or resettled, leaving no one behind. Koirala challenged that the U.S. should not have offered to resettle 60,000 refugees, commenting that this had been a bad message to give the Bhutanese. Boucher reiterated that it would be bad for the refugees and bad for Nepal to leave the situation unresolved, noting that it was the refugees who would be stuck waiting for a solution, and, furthermore, that there had been reports of Maoist activity in the refugee camps. Chalise relayed that the Government of Nepal wanted the Bhutanese to take both Category 1 and 2 refugees. If they only took Category 1 refugees (Note: Bona fide Bhutanese. End note.) now, they could deny Category 2 refugees (Note: Bhutanese emigrants. End note.) later, he said, adding that the Nepalese greatly appreciated the U.S. offer to take 60,000 refugees, but that the Government of Nepal did not see that as a total solution to the problem. He added that the Government of India could convince Bhutan to take a greater number of refugees back.

¶8. (U) Assistant Secretary Boucher has cleared this message.  
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